

Message Text

CONFIDENTIAL

PAGE 01 BRASIL 07379 251408Z

44

ACTION SS-15

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 SSO-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00

NSC-05 OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02

STR-04 TRSE-00 IO-10 PA-01 PRS-01 /132 W

----- 062630

P R 251322Z AUG 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 1109

INFO AMEMBASSY KINSHASA

AMEMBASSY NEW DELHI

AMEMBASSY TOKYO

AMEMBASSY TEHRAN

AMEMBASSY CARACAS

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY ALGIERS

AMEMBASSY BUENOS AIRES

AMEMBASSY MEXICO CITY

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 7379

E.O.11652: GDS

TAGS: ENRG, BR

SUBJECT: BRAZILIAN VIEWS ON THE PRODUCER/CONSUMER DIALOGUE

REF: STATE 196703

1. SUMMARY: THE FOREIGN MINISTRY'S ACTION OFFICER FOR PETROLEUM
TOLD EMBOFF THAT THE FRENCH AID-MEMOIRE (REF) REFLECTED THE VIEWS OF
THE GROUP OF 7 (G-7) MEETING IN GENEVA EXCEPT FOR A FEW POINTS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRASIL 07379 251408Z

OF DETAIL. HE DESCRIBED INDIA AND ZAIRE AS "SOMEWHAT UNRELIABLE"

ALLIES IN THE G-7. THE LDC CONSUMERS, HE SAID, DEFINITELY WANT THE FOURTH COMMISSION FOR FINANCIAL MATTERS TO CONSIDER ISSUES OF INTEREST TO THEM. ACCORDING TO THE OFFICIAL, BRAZIL'S TWO MAIN OBJECTIVES IN THE PRODUCER/CONSUMER DIALOGUE, ARE TO FIND A WAY TO PREVENT "DESTRUCTIVE FLUCTUATIONS" IN RAW MATERIALS PRICES, AND TO SEE AN AGREEMENT BETWEEN OIL PRODUCERS AND CONSUMERS WHICH WILL KEEP OIL PRICES FROM RISING "ENDLESSLY".
END SUMMARY.

2. FONMIN'S PETROLEUM ACTION OFFICER, FIRST SECRETARY SEBASTIAO BARROS, TOLD EMBOFF ON AUGUST 21 THAT THE G-7 MEETING IN GENEVA WHICH HE HAD ATTENDED, HAD GONE SMOOTHLY AND QUICKLY, ALL PARTICIPANTS AGREEING ON THE FUNDAMENTAL ISSUES. THE AGREED VIEWS ARE REFLECTED IN THE FRENCH AIDE-MEMOIRE, HE SAID, ALTHOUGH A FEW DETAILS WERE DIFFERENT. THE TITLE GIVEN IN THE AID-MEMOIRE (REF. PARA 5), "PREPARATORY MEETING FOR THE CONFERENCE BETWEEN INDUSTRIALIZED COUNTRIES AND DEVELOPING COUNTRIES", IN BARROS' VIEW, INSTITUTIONALIZED A "RIGID DIVISION" WHICH THE UNCTAD EXPERIENCE HAS SHOWN IS NOT HELPFUL. HE SAID THE G-7 PARTICIPANTS LIKE THE TITLE "CONFERENCE ON INTERNATIONAL ECONOMIC DEVELOPMENT." REGARDING SUB-MINISTERIAL MEETINGS (REF. PARA 22), BARROS SAID THE G-7 PREFERRED MORE FLEXIBILITY ON THE TIMING OF THE FIRST MEETING; PERHAPS IT SHOULD TAKE PLACE WITHIN SIX MONTHS, PRIOR TO NEXT SPRING'S UNCTAD SESSION.

3. THE AIDE-MEMOIRE DID NOT SUFFICIENTLY FORMALIZE THE MECHANISM FOR JOINT MEETINGS OF THE EIGHT COMMISSION CO-CHAIRMEN (REF. PARA 19)

THE COMMISSION CO-CHAIRMAN, HE SAID, SHOULD CONSTITUTE A FORMAL COORDINATING COMMITTEE. HE NOTED THAT THE FOURTH COMMISSION WOULD COORDINATE FINANCIAL ISSUES RELEVANT TO THE WORK OF EACH OF THE OTHER THREE COMMISSIONS BUT THIS WOULD NOT TAKE THE PLACE OF OVERALL COORDINATION.

4. BARROS CRITICIZED THE DCS' UNWILLINGNESS TO DISCUSS FINANCIAL ISSUES LAST APRIL IN PARIS. HE SAID THE G-7 HAD AGREED IN GENEVA THAT THESE ISSUES SHOULD BE DISCUSSED. HE CONCEDED, HOWEVER, THAT HE COULD NOT FORESEE ANY WAY "TO GUARANTEE A RETURN ON THE OIL PRODUCERS' ASSETS," AS SOME OF THE OIL PRODUCERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BRASIL 07379 251408Z

WISHED. HE THOUGHT THAT THE FOURTH COMMISSION MIGHT WELL COME TO THE CONCLUSION HE HAD REACHED: NONETHELESS, THE ISSUE WOULD HAVE BEEN AT LEAST DISCUSSED. BARROS REMARKED THAT OIL CONSUMING LDCS "DIFFINITELY" WANT THE COMMISSION TO CONSIDER FINANCIAL ISSUES OF INTEREST TO THEM, BUT HE SAID THE GOB IS JUST NOW BEGINNING TO CONSIDER SUBSTANCE AND AS YET HAS NO SPECIFIC IDEAS IN MIND. HE COMMENTED THAT BRAZIL DID NOT WANT TO COMPETE WITH THE MSAS ("LIKE CHAD")

FOR LOW-INTEREST LOANS, BUT THE FOURTH COMMISSION SHOULD TRY TO DEVELOP SOMETHING FOR "MIDDLE" COUNTRIES LIKE BRAZIL AND MEXICO.

5. BARROS SAID THAT BRAZIL, ZAIRE, AND INDIA DID NOT MEET SEPARATELY IN GENEVA TO DISCUSS THEIR INTERESTS AS LDC CONSUMERS. HE CHARACTERIZED INDIA AND ZAIRE AS "SOMEWHAT UNRELIABLE ALLIES." INDIA, HE SAID WAS INTERESTED ONLY IN THE MSAS, ANYWAY INDIA "WAS TAKEN CARE OF" SINCE IT BOUGHT OIL THROUGH LOW-INTEREST CREDITS QIRAN AND SAUDI ARABIA: AND ZAIRE WAS INTERESTED ONLY IN COPPER AND THE POSSIBILITY THAT IT MIGHT ACQUIRE OIL "BY INVADING CABINDA". BARROS OPINED THAT THE LDC CONSUMERS WOULD NOT "FOREVER BE ALLIES" OF THE OIL PRODUCERS IF THE PRODUCERS DO NOT HELP THE LDC CONSUMERS. HE ADKNOLEDGED, HOWEVER, THAT HE DID NOT KNOW HOW LONG IT WOULD BE BEFORE THE LDC CONSUMERS ASSERTED THEMSELVES CITING BRAZIL'S VOLNERABILITY FLOWING FROM ITS DEPENDENCE AS A LARGE OIL IMPORTER.

6. BARROS SAID BRAZIL'S MAIN OBJECTIVE IN THE PRODUCER/CONSUMER DIALOGUE WAS TO FIND A WAY TO PREVENT "DESTRUCTIVE FLUCTUATIONS" IN RAW MATERIALS PRICES, FREQUENTLY INITIATED BY SPECULATION (HE CITED SUGAR PRICES OVER THE PAST YEAR). HE RECOGNIZED THE DIFFICULTIES OF INDEXING PRIMARY PRODUCT PRICES, OR EVEN DENOMINATING THEM IN SDRS, AND HE ADKNOLEDGED THE PROBLEMS IWTH OTHER CONCEPTS, INCLUDING BUFFER STOCKS. NONETHELESS, HE SAID, MEASURES WERE NEEDED TO ENABLE THE LDCS TO PLAN THEIR ECONOMIES. ACCORDINGTO BARROS, BRAZIL'S SECOND MAIN OBJECTIVE IN THE DIALOGUE WAS TO SEE AN AGREEMENT BETWEEN OIL PRODUCERS AND CONSUMERS WHICH WOULD KEEP OIL PRODUCERS FROM "RAISING PRICES ENDLESSLY".
CRIMMINS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, ENERGY, RAW MATERIALS, MEETINGS, PREPCON, DEVELOPMENT PROGRAMS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL07379
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750293-0680
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750819/aaaaaqje.tel
Line Count: 146
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 196703
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by ShawDG>; APPROVED <08 OCT 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRAZILIAN VIEWS ON THE PRODUCER/CONSUMER DIALOGUE
TAGS: ENRG, OCON, BR, PARIS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006